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Annual Report

1989

FARM MANAGEMENT

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INTRODUCTION

This report summarizes the activities of the Farm Management Division of the Extension Services Branch of the Nova Scotia Department of Agriculture and Marketing for the 1989 calendar year.

The main objective of the Farm Management Division is to assist Nova Scotia farmers, farm leaders, and Nova Scotia Department of Agriculture and Marketing staff in developing their business management knowledge and skills.

This broad objective was pursued in 1989 via a series of four more specific goals. These goals may be expressed as follows:

(1) To provide a high quality individual farm management counseling service to Nova Scotia farmers, where needed. This counseling service, utilizing the Farm Management Specialist's knowledge of business management and production agriculture, is not readily available from the private sector.

(2) To provide formal training activities (courses, meetings, conferences) in the area of farm business management, in order to enhance the skills of Nova Scotia farm managers.

(3) To provide a base of economic data relative to Nova Scotia farm businesses. This will include business summaries prepared in conjunction with individual farm analyses. This economic data is to be used by farmers, agri-business, government decision makers, extension workers, and others.

(4) To provide economic and farm management expertise to various organizations, committees, etc., as needed.

The activities of the Division will be reviewed by looking at each of these four goals. It is appropriate, however, before looking at these program activities, to introduce Farm Management's most valuable resource - it's human resource.

Gabriel Comeau, Supervisor of the Farm Management Division since 1985, left the Division to assume the duties of Secretary-Manager of the Dairy Commision in June 1989. Debbie Freeman, Farm Management Technician, resigned in April 1989 to return to University on a full-time basis. Debbie was replaced by Ronda Bellefontaine, as the Technician for the Truro office.

As of December 31, 1989 the staff of the Farm Management Division was as follows:

	Supervisor	Truro Office
Peter Dekker	Senior Farm Management Specialist	Kentville Office Western Nova Scotia
Jim Houghton	Farm Management Specialist	Truro Office Central Nova Scotia
Alan Grant	Farm Management Specialist	Truro Office Eastern Nova Scotia
Ronda Bellefontaine	Farm Management Technician	Truro Office
Pam Fraser	Farm Management Technician	Kentville Office
Tracey Mitchell	Secretary	Truro Office

These individuals were responsible for the activities which are summarized in the next sessions.

FARMER COUNSELING

In 1989, as in previous years, individual counseling of farm clients remained a very high priority activity with the Farm Management Division. Table 1 provides a statistical summary of this particular activity in 1989.

Table 1
Farm Management Counseling Activity - 1989

Item	Farm & Office Calls	Budgets Prepared
Record System & Analysis	229	4
Pre-Loan Counseling	146	85
Financial Management & Credit Analysis	128	49
Business Agreements & Tax Management	146	8
General Farm Management	151	26
Total	800	172

It should be noted that, of the 800 clients who had a direct contact with Farm Management staff, 250 were referred to the staff by other professionals - Agricultural Representatives, Farm Loan Board staff, banks, the accounting and legal profession, and others.

Due to the importance placed on individual counseling, and the resources allocated to this activity (professional time, travel, telephone, clerical support, etc.), each of the main activities will be highlighted.

(1) Record System and Analysis

The largest category of client calls (29%) dealt with record systems and records analysis. This is a recognition of the fact that a good record keeping system is the basis for sound management decisions. Record keeping in general has improved considerably on Nova Scotia farms during the last few years.

There is still some room for improvement in these areas. Efforts spent in this area will provide some long term benefits to that farm operation.

A good record keeping system is the first step. It is most beneficial, however, when the records are analyzed, and the analysis used as a basis for management decisions. This is another high priority area.

The majority of the record analysis is for dairy and swine farms whose records are analyzed as part of a formal project. In some cases, it would involve a farm or office visit to assist the farmer in interpreting the analysis. Many of the participants in these studies, however, are comfortable with this analysis, and a farm call may not be needed.

(2) Pre-Loan Counseling

The Farm Management staff continues to be involved with a large number of clients requiring pre-loan counseling. More than half of the cases involve the preparation of a budget. This is usually a cashflow projection.

Many of these clients are referred to Farm Management Staff by the field staff of the Nova Scotia Farm Loan Board.

(3) Financial Management and Credit Analysis

The area of financial management and credit analysis is another high priority with the Farm Management staff.

Efforts expended in this area are considered to have long term benefits. It's an area that involves a large part of the Division`s course work, but there is also a need for one on one contact in this area, especially where a problem exists at the present time.

(4) Business Agreements and Tax Management

Although the sole proprietorship is still the most popular form of business structure utilized by Nova Scotia farmers, the number of farm partnerships and family-owned corporations is steadily increasing. As the size and complexity of our farm organizations continue to grow, this trend is expected to continue.

The Farm Management staff have developed quite a bit of expertise in the area of business agreements as they apply to farm businesses. The role of the staff is primarily to advise farmers regarding the advisability of changing from one form of business agreement to another.

Where a change is taking place, members of the accounting and legal professions will normally be involved. The Farm Management Specialist will usually be involved at the beginning, where his knowledge of production agriculture, marketing, etc. make the specialist a valuable source of information. This is another case where a good working relationship between the Farm Management Specialist, the lawyer, and the accountant will benefit all the professionals and the farmer client.

Income tax can be viewed as another farm expense. Unlike most other expenses, however, the amount of income tax payable is determined by an increasingly complex set of regulations. The Farm Management Division has developed some expertise in this area. Knowledge of tax laws is essential, for example, when evaluating two or more investment alternatives. Changes to the tax laws in 1989 resulted in some training activities, for farmers and staff.

The Division activities in this area are not in competition with, but complimentary, to the activities of those involved in the accounting profession.

(5) General Farm Management

Nineteen percent of client calls did not fail into any of the above categories; they have been classed as "general farm management". Many of these calls do not involve a referral, but are more likely to involve a client with whom the Farm Management Specialist has developed a good working relationship, over a period of time. The farmer may utilize the specialist to discuss production plans, etc. with a knowledgeable but unbiased advisor. This is most satisfying to the Farm Management staff.

FORMAL TRAINING

In the previous section, the extent and the nature of individual contacts between Farm Management staff and farm clients have been discussed. A second major activity of the Division is in the area of formal training. This refers to group training activities, where information is relayed from the Farm Management staff to a group of clients, primarily farmers. Some of these courses, a small proportion, are directed at fellow staff members, in order to enable them to better serve the farm clientele. Table 2 provides some statistical information on formal training activities for 1989.

Table 2
Formal Training Activities - 1989

Item	# Courses Given
Record System & Analysis	19
Business Agreements & Tax Management	7
Financial Management & Credit Analysis	18
General Farm Management	16
Total	60

A "course" is defined as one separate meeting where instruction is provided. It may be part of another (non farm management) course, a component in a multiple-session farm management course, or a separate, one session meeting. A total of 927 people attended the 60 training sessions offered by Farm Management staff in 1989.

The purpose of this segment of the total program is to improve the farm management skills of Nova Scotia farmers. Its benefits will be felt over the long term, in helping clients avoid mistakes which might be made if they did not have this training.

The actual delivery of these courses is only one part of the effort. The preparation phase utilizes a lot of resources - staff time (including technical and clerical), printing materials, etc. The benefits of this training activity are difficult to quantify. Many of today's leading farmers, however, did benefit from similar training fifteen to twenty years ago.

MANAGEMENT INFORMATION PROGRAMS

It was mentioned earlier that the making of sound management decisions requires the availability of good information. Over the years, one of the important activities of the Farm Management Division has been to collect, analyze, publish, and distribute economic data. Primarily, the type of information that is collected deals with costs and returns for various agricultural production activities.

In 1989, a variety of projects of this type were continued. The continuity of these various projects is very important, because it allows the plotting of trends, changes, etc. in the various agricultural sectors. All of these projects resulted in the preparation of a publication. A listing and brief description of these publications will provide the reader with a better understanding of the scope of these management information programs.

(1) Nova Scotia Dairy Farm Business Summary

One hundred and twenty (120) Nova Scotia dairy producers provided their business information for inclusion in this summary. In return for the use of their information, we supplied each producer with a business analysis of his individual operation.

This publication has proven to be a leading source of management information on the Nova Scotia Dairy Industry. In 1989, some 700 copies of this publication were produced and distributed.

(2) Dairy Farm Business Summary - 5 Year Summary

The main purpose of this publication is to show trends that are taking place in the dairy industry over time. In particular, such factors as herd size, returns from milk, cost components and production coefficients are noted.

(3) Borrowed Capital Limits - Dairy

This publication attempts to set out a framework that can be used to estimate the amount of borrowed capital which can be repaid at various production and price levels, on a per cow basis. The Dairy Farm Business Summary provides the basic data for this publication.

As might be expected, as production increases, a greater number of dollars can be borrowed and repaid. This publication has proven to be an excellent guide in counseling work with farmers and, in addition, has been used extensively by Farm Loan Board personnel.

(4) Nova Scotia Swine Farm Business Summary - Farrow to Finish

In 1989, sixteen (16) farrow to finish swine operators provided their business information for inclusion in this summary. In return for the use of their information, each producer was supplied with a business analysis of his individual operation.

The publication has proven to be quite useful for this industry. Some 250 copies were produced and distributed to various interested parties, including swine producers.

(5) Nova Scotia Swine Farm Business Summary - Sow Weanling

In 1989, with the assistance and support of the Pork Producers, a summary based on costs incurred by those farmers who produced weanlings was prepared. The summary was the result of

the average of five (5) weanling producers in the Province. Each co-operating farmer received an in-depth analysis of his own individual business.

(6) Nova Scotia Swine Farm Business Summary - Finishing

In 1989, with the assistance of Pork Producers, a farm business summary for hog finishing units was prepared. A total of ten (10) producers co-operated by sharing their financial and physical information. In addition to the business summary, each of the co-operating producers received an individual business analysis of his finishing operation.

(7) Fall Feeder Sale Statistics

This publication is an update of a similar one that has been prepared for the past number of years. Essentially, the publication attempts to outline the prices received, the number of cattle and the quality of cattle offered for sale at the Feeder Cattle Sale held in Truro. In addition to 1989 information, data from previous sales is included for comparison purposes.

(8) Farm Management Manual

During 1989 various fact sheets were prepared for our Farm Management Manual. The manuals are used by Agricultural Representatives, and Farm Management staff. Farm Management personnel from outside Nova Scotia have requested a number of copies of this material.

OTHER ACTIVITIES

In addition to the main activities mentioned earlier, which are the cornerstones of the Farm Management program, several other activities are also important. These are discussed briefly.

(1) Farm Record Systems

The importance of farm record systems cannot be overemphasized. Promoting the adoption of good record keeping systems is always important. The Farm Management Division, in addition to giving short courses on this topic, acts as a distribution center for two (2) different manual record books - The Farm Account Book, a single entry system for small or part-time farmers; and the Manitoba Farm Account Book. In 1989, approximately 400 copies of these farm account books were distributed, either directly to farmers or indirectly through County Agricultural Offices.

The Farm Management Division is also heavily involved with CanFarm - a computerized farm accounting system.

The Farm Management Division is the main Contact Agency for CanFarm in Nova Scotia. This role involves working closely with the farm clients to ensure that the data is entered properly and the reports are clearly understood. These activities dovetail quite nicely with the other activities of the Farm Management Division.

The long-term goal of the Division, however, is to transfer these clients to private sector Contact Agencies. The latter will be in a better position to provide a full service to the clientele, including preparation of the farm income tax return. Three (3) accounting firms in Nova Scotia presently have Contact Agency status.

In 1989, 99 farms were using the CanFarm system, with the Nova Scotia Department of Agriculture and Marketing as Contact Agent. This is a decrease from 107 farms in 1988, as clients are transferred to other agencies, or adopt alternative accounting systems.

One of the reasons for the popularity of the CanFarm system over the years has been the CanFarm Recorder Technician Service. This service, the result of an assistance policy of government, provides for a sharing of the cost of a Recorder Technician. The technician visits the farm and records the financial and production data in a standard, prescribed manner and mails the information to the computer center for processing. The result of this service is up-to-date information for the

farmer and an excellent source of cost study information for Farm Management staff. The Recorder Technician Service has been successful over the years, as evidenced by the rate of utilization of farm clients.

At the end of 1989, nine (9) technicians were providing service to eighty-two (82) farms.

(2) Committees

Because Farm Management Staff have a fair bit of expertise in the business aspects of agricultural production, they are often called upon to serve on a variety of committees. The committee approach is an excellent way to accomplish certain tasks, but it does take up some time. Committee work, however, is an excellent opportunity for staff to broaden their horizons and to cooperate with other staff members. In 1989, Farm Management staff served on the following committees:

Advisory Committee on Extension, Education, and Economics (ACEEE)

Farm Management Sub-Committee, ACEEE

Tree Fruit Production Policy Committee

Extension Newsletter Committee

Expert Committee on Farm Management

ALFI Farm Planning Services Program Implementation Committee

AFDA Technology Acceleration Program Implementation Committee

Comprehensive Farm Development Boards

In addition to the above, Farm Management staff also served on several ad hoc committees and task groups. Some of these include:

Vegetable Cost of Production Study Steering Committee

Crops 90 Expo Steering Committee

Swine Test Station Privatization Committee

(3) Staff Training Activities

In order to provide high quality service, there is a constant need for staff to remain updated. Some time and money was spent in meeting this need in 1989. Staff members

participated in the following training activities in 1989. Numbers in brackets indicate the number of Farm Management staff, if more than one.

ACEEE Workshop (3)

Agricultural Management Systems: Directions and Visions Conference

Extension Branch Conference (6)

Time Management Workshop

Agricultural Finance Conference

Profit Managers' Workshop (5)

GOALS FOR 1990

Plans for 1990 will involve a continuation of some existing programs, along with the development of some new initiatives.

More specifically, the following goals will be pursued in 1990:

(1) Farm Counseling

This activity will maintain its high priority in 1990. It is expected that this individual service will be provided to 900 clients.

(2) Formal Training

Emphasis will be on the area of Financial Management. A Profit Managers' Workshop will focus on sound financial management strategies for farm managers.

(3) Economic Data

No new commodities will be added to this service in 1990. A total of 150 farm records will be analyzed, including dairy and swine farms.

CONCLUSION

In this report, the activities of the Farm Management Division for 1989 have been reviewed. Plans for 1990 have been discussed briefly.

The author would like to thank all the Farm Management staff for their effort and co-operation in 1989. Thanks are also extended to Rollie Hayman, Director of Extension Services, for his strong support of the Farm Management Program.

Respectfully Submitted,

Alan C. Grant, P.Ag.
Farm Management Specialist

ACG/tdm
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